

Title: **Notice of Motion - Paignton Townscape**

To: **Council** On: **22 February 2018**

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1. Briefing

- 1.1 The need for significant investment in the physical fabric of town centres is set out in the Council's Transformation Strategy for Town Centres, approved by Council in April 2017 (see: <http://www.torbay.gov.uk/DemocraticServices/documents/s38324/Transformation%20Project%20Town%20Centre%20Regeneration%20Appendix%201.pdf>)
- 1.2 The Transformation Strategy targeted townscape investment at seven key locations in Torquay and Paignton, including Paignton Station Square, the area between Victoria Street and Torbay Road.
- 1.3 The Strategy also acknowledged the need for pace in the delivery of townscape improvements, in response to soft market testing of town centre regeneration proposals, resident / business complaints, feedback from retailers and known economic benefits of investment in townscape improvements.
- 1.4 In May 2017, the Council supported the delivery of townscape improvements – but linked those improvements with the delivery of, and income from, student accommodation at Upton Place (see minute 26(v) of <http://www.torbay.gov.uk/DemocraticServices/documents/q6621/Printed%20minutes%20Wednesday%2010-May-2017%2014.00%20Council.pdf?T=1>). That project has now been delayed and there is a need to 'decouple' income from this project with the delivery of townscape improvements, if those improvements are to be delivered at pace.
- 1.5 In October 2017, the Council agreed to establish a £25m Town Centre Regeneration Fund (see <http://www.torbay.gov.uk/DemocraticServices/documents/s43550/Town%20Centre%20Regeneration%20Programme%20Fund.pdf>). The report to Council included, as one of four appendices, an outline business case for townscape improvements to Paignton Station Square and in Torquay. The Council agreed that outline business case (see <http://www.torbay.gov.uk/DemocraticServices/documents/s43554/Town%20Centre%20Regeneration%20Programme%20Fund%20App4.pdf>)
- 1.6 Officers have, with the support Town Centre Regeneration Programme Board,

developed concept plans for three townscape improvement projects, including Paignton Station Square. Initial engagement with community and business representatives, on the concept plans for Paignton Station Square, has been very positive. That allowed a full business case to be presented to and supported by the TCR Programme Board in December 2017.

- 1.7 A design team is now being procured and will be commissioned in the next few weeks. The design team will produce detailed designs to RIBA Stage 3, including engagement with the community and local artists and traffic modeling work. This work is being funded by Great Places, Transport Capital funding and via S106 monies. Detailed design work will be completed by early summer 2018, including refined costs. This will allow technical design work to be undertaken over the summer and implementation of the work at the end 2018 / beginning 2019. If the project is delivered in 2018/19, then repayment of prudential borrowing would commence in 2019/2020.
- 1.8 The total costs of the Paignton Station Square improvement is estimated at £1.272M, with S106 monies being available to cover £100,000 of this cost. Prudential borrowing is required to deliver the project, with a borrowing cost (on the estimated total) of £67,333 per annum over a 25 year period.
- 1.9 It is important to note that, whilst it may be considered prudent to link delivery of (non-income earning) townscape improvement projects with major income earning projects (such as at Upton Place and Harbour View), those major projects take a longer time to deliver – because of their complexity. Consequently the ‘coupling’ of non-income earning projects with income earning projects, to cover prudential borrowing costs, will inevitably mean the slower delivery of much needed townscape improvements. This will, in turn, lead to a slower return of confidence in Torbay by investors / developers than is needed to deliver town centre regeneration at pace.
- 1.10 In these circumstances, it is considered appropriate for the Paignton Station Square project to be ‘decoupled’ from Upton Place and any other major income-earning project. Members may take some comfort, however, from the facts that the proposal to construct a new hotel at Harbour View is progressing well, with Heads of Terms and a contract to lease likely to be completed over the next few weeks. On the assumption that planning permission can be obtained by end 2018, leading to construction from Spring 2019 for 18 months, this will enable rental income from Harbour View in 2020/21, of a predicted net income of £184,900, and then 4 years at a predicted net income of £37,591 p.a. Consequently the net income from Harbour View is projected at just over £335,000 in the five years between 2020/21 and 2024/25 (and almost £450,000 in the following 5 years). A net income of £335,000, over the first five years of operation, is around £1,000 less than the cost of Paignton Station Square improvements over the same period.

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